



Local Programs Procedures

LPP 95 - 07 Reengineering

References: See attachments

Effective Date: July 1, 1995 Approved: _____
Chief, Office of Local Programs

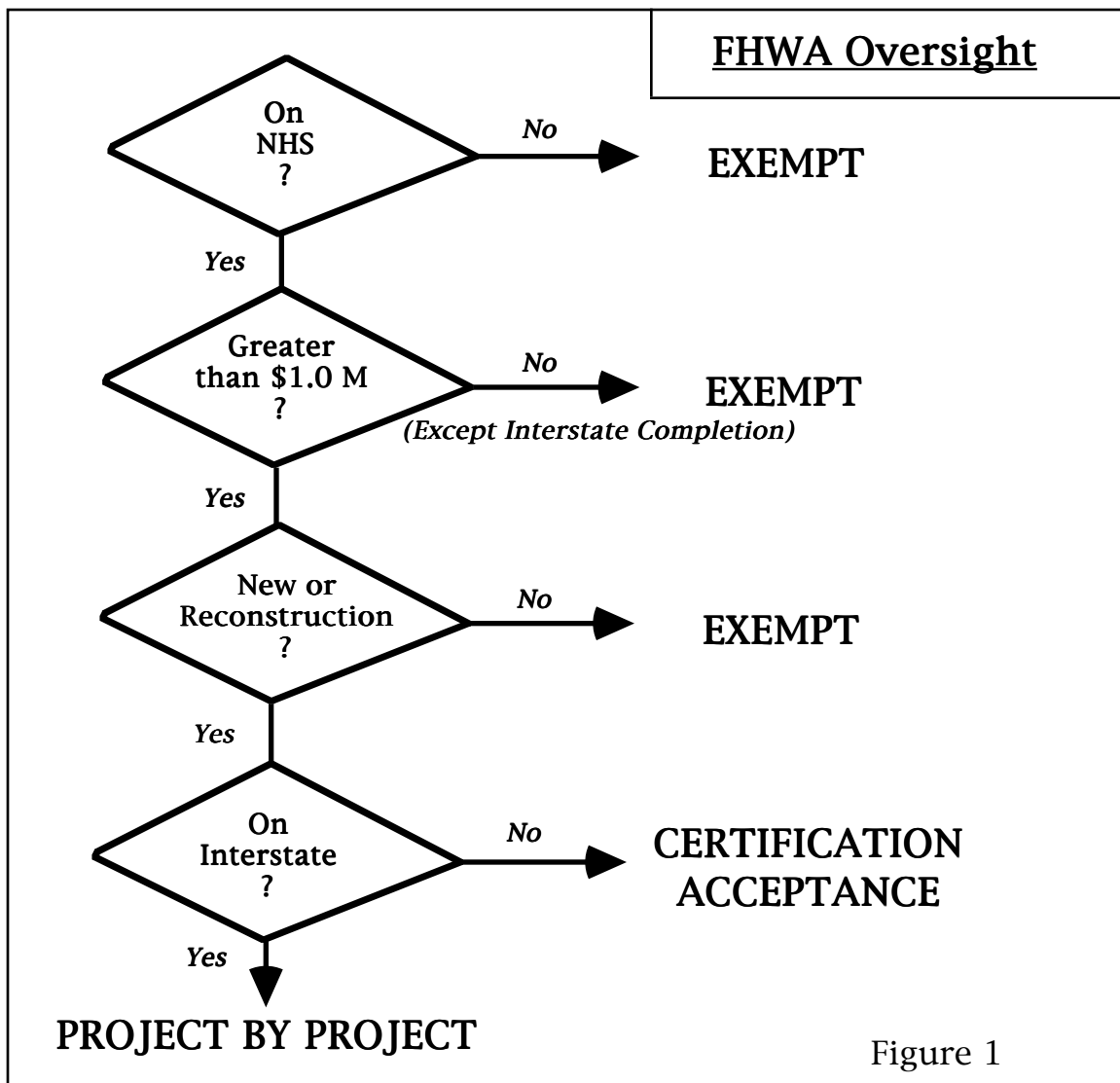
The purpose of this Local Programs Procedure (LPP) is to describe the Reengineered Local Assistance procedures. These changes are required in order to meet the 50 percent staff reductions proposed in the 1995-96 budget.



A new edition of the Local Programs Manual (LPM) is being prepared for release after the approval of the 1995-96 budget. This LPP is being released in advance of the new LPM to provide detailed instructions for project implementation between now and the new LPM release.

EXISTING PROCEDURES

Procedures described in the current edition of the Local Programs Manual are based on the amended California Certification Acceptance plan approved by the Federal Highway Administration (FHWA) for Local Agency projects in 1977. In response to the efficiencies provided in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, Caltrans and the Federal Highway Administration also entered into "Letters of Agreement" wherein Caltrans was granted exemption from FHWA project review and oversight for preliminary engineering and construction-related activities on certain federal-aid projects. This exemption applied to all projects off the National Highway System (non-NHS) and for Resurfacing, Restoration, and Rehabilitation (3R) and low-cost projects (less than \$1 million) on the National Highway System. (See Figure 1.)



The Letters of Agreement authorized significant changes in Local Assistance procedures. For example, local agencies were delegated the authority to approve design exceptions. Under Design Certification, when Caltrans determined them qualified to proceed without additional review, the local agencies were delegated Plans, Specifications and Estimates (PS&E) approval. Also, Caltrans was delegated authority to authorize projects for federal-aid participation and approve Right-of-Way Certifications for projects exempt from federal review and oversight.

However, to ensure that project sponsors meet federal requirements, the following preliminary engineering and construction review and approval activities by Caltrans were retained:

- A field review before the initial "Request for Approval to Proceed" (FNM-76) can be processed,
- Review and approval of consultant agreements,
- Review and approval of PS&E, including Disadvantaged Business Enterprise (DBE) project goals for those agencies not qualified under Design Certification or Local Agency Certification Acceptance,
- Concurrence in award,
- Invoice review, and
- Construction oversight including DBE compliance, contract change order approval, and final inspection.

NEW PROCEDURES

Effective July 1, 1995, the Caltrans preliminary engineering and construction review and approval activities listed above will not be performed for projects off the National Highway System (non-NHS). Caltrans' review activities for 3R and low-cost (less than \$1 million) projects on the National Highway System will continue in accordance with existing procedures. In addition, review of Environmental documents and some project authorization and agreement processing activities will be streamlined to eliminate duplication of effort and multiple reviews. All of these changes will return responsibility and accountability for federally funded local projects to the local agencies. Caltrans will initiate process reviews on a regular basis to ensure that federal requirements continue to be met.

This LPP does not address reengineered procedures for the Caltrans role in right-of-way activities performed by local agencies. Interim procedures are now being prepared and will be forwarded shortly after July 1, 1995. Additional systemic changes are also being developed, which will be phased in over the next six months.

Local agency Certification Acceptance (CA) will be discontinued as an optional procedure. However, if approved by the District Local Assistance Engineer,

agencies currently under Local Agency Certification Acceptance may continue under those procedures for up to one year. This approval will be based on the following:

- 1) Recent evaluations of the local agency's performance under current local assistance procedures, and
- 2) Consideration of the time necessary for Caltrans to process the local agency's projects under this Reengineering LPP versus the time necessary under Local Agency Certification.

An overview of the revised procedures is provided below. Detailed procedures are attached.

Project Authorization/Obligation of Federal Funds (Attachment 1)

To initiate a project authorization or add authorization for additional phases, local agencies will be required to complete a revised "Request for Authorization" form. This form and its attachments will provide all of the funding, classification, and statistical information needed by Caltrans and the FHWA to electronically authorize the project and obligate the federal funds. Instructions for completing this package have been developed and are included.

The agency will be expected to submit a complete form and certify the accuracy of all data on the form. Caltrans will make a cursory review, complete the authorization/obligation process, print out the "Authorization to Proceed" report and forward it to the project sponsor. Costs incurred prior to the date of authorization to proceed will not be reimbursed!

These procedures apply to all federal-aid projects.

Environmental Procedures (Attachment 2)

Caltrans will continue to review and approve Programmatic Categorical Exclusions. Caltrans will also endorse all other local environmental documents for completeness and sufficiency before transmittal to FHWA for review and approval. However, Caltrans' environmental staff will no longer be able to provide the level of assistance that was available before the staff reductions. Instead, the District Local Assistance Engineer will coordinate with FHWA and limit review of local agency environmental documents to complete submittals (including a completed Preliminary Environmental Studies form and basic supporting documentation, such as the results of records searches for cultural and biological resources) to support the conclusion.

In some cases, an on-site environmental review and/or office meeting may still be necessary. Coordination with Caltrans' district environmental staff may also be necessary given a project's complexity and/or its potential for controversy.

This LPP only modifies the level of Caltrans' review of local environmental documents and is not intended as a "stand-alone" procedural guide. The local agencies should continue to refer to Volume III of the current LPM for guidance material for the various federal environmental requirements until the new volume is released.

These revised procedures are for all local projects, regardless of whether they are on or off the NHS.

Field Review (Attachment 3)

The local agency sponsor of a project will decide whether or not to hold a field review to scope non-NHS projects. Caltrans will only be involved with non-NHS projects when requested by the local agency, and then only for major roadway or structure projects. Caltrans' involvement will be limited to the least number of functions and people possible. For most non-NHS projects, the initial obligation of funds may be processed without the field review or field review form. However, portions of the field review form must be submitted to provide a complete "scoping document" and other information required for authorization of the right of way or construction phases of the project and preparation of agreements.

Requirements for field reviews for projects on the NHS will continue in accordance with existing procedures.

Disadvantaged Business Enterprise (DBE) (Attachment 4)

Caltrans will continue to review and approve the local agency DBE Program and each Annual Plan/Goal. The local agency will be responsible for establishing project goals for DBE participation and will be required to complete the Report of DBE Awards and Utilization forms. For non-NHS projects, Caltrans will not:

- review project goals,
- concur with award of construction contracts, or
- monitor compliance during construction except for process reviews.

Caltrans' project level review and approval for projects on the NHS will continue in accordance with existing procedures.

Consultant Selection (Attachment 5)

Caltrans' approval of consultant agreements will no longer be required. The local agency will complete a checklist and document that federal requirements have been met. Pre-award audits will continue to be required for consultant agreements of \$250,000 or more.

These revised procedures apply to all federal-aid projects.

Design Standards (No Attachment)

Drafts of reengineered procedures have been widely distributed and used for reengineering workshops around the state. However, in the process of obtaining final approval from the FHWA, the proposal to allow locally-approved and adopted design standards for non-NHS projects was not approved. Therefore, non-NHS projects (as well as projects on the NHS) must continue to meet minimum AASHTO or 3R standards. We will challenge this decision. Until this issue is resolved, all local projects must continue to meet AASHTO or 3R standards and an exception must be approved by the local agencies on a project-by-project basis.

Plans, Specifications & Estimates (PS&E) (Attachment 7)

Determining the applicability of required federal contract provisions is difficult because ISTEA provided flexibility for non-NHS projects, but federal regulations have not been revised to clearly define the limits of the flexibility. A summary of applicable requirements for non-NHS projects is included in the attached detailed procedures.

Local agency sponsors will certify that their PS&E package for non-NHS projects complies with all these applicable federal requirements. A certification form is provided in the attachment that identifies those items which require local agency compliance. Caltrans will not review the local agency PS&E for non-NHS projects, with the exception of complex structure designs when a local agency specifically requests a review.

PS&E for local projects on the NHS will continue to be reviewed by Caltrans unless prepared under Design Certification or Local Agency Certification Acceptance.

Construction Administration (Attachment 8)

Except for process reviews and quality assurance procedures, Caltrans will not review any of the construction activity on local non-NHS projects. The local agency will certify their compliance with all state and federal contract administration requirements. Caltrans will gather DBE data from the local agencies and report it to the FHWA.

Once the Administering Agency receives the authorization to proceed for the construction phase of the project, Caltrans will not be involved in:

- approving the advertising or award of construction contracts,
- approving of change orders, or
- certifying compliance with DBE or Davis-Bacon wage requirements.

The FHWA denied the proposal to allow the local agencies to use their own quality assurance procedures for non-NHS projects. We will challenge this decision, but until this is resolved, sampling and testing on all local federal-aid projects must continue to follow Caltrans Construction Manual, Chapter VIII, Section 8-01, 8-02, and 8-03, "Sampling and Testing," and the Quality Assurance Program Manual.

Existing procedures will continue for projects on the NHS.

Agreements (Attachment 9)

Agreements must be prepared and executed before any invoices for payment can be processed. Caltrans' Office of Local Programs in Sacramento will prepare all agreements and process them directly with the local agency.

Invoices (Attachment 10)

This LPP revises LPP 94-05, "Revised Invoice Payment Process," issued on April 15, 1994, by eliminating the Caltrans district review of invoices. Instead, the District Local Assistance Engineer will only be required to verify completion of the project.

This procedure applies to all local agency projects requesting reimbursement from funds administered by the Office of Local Programs.

Process Reviews (Attachment 11)

The process review will be the main method for determining whether or not local agencies are in compliance with all laws, regulations, and procedures developed to administer federal-aid projects. The process reviews will be used to evaluate all aspects of the local assistance federal-aid program and to improve procedures.